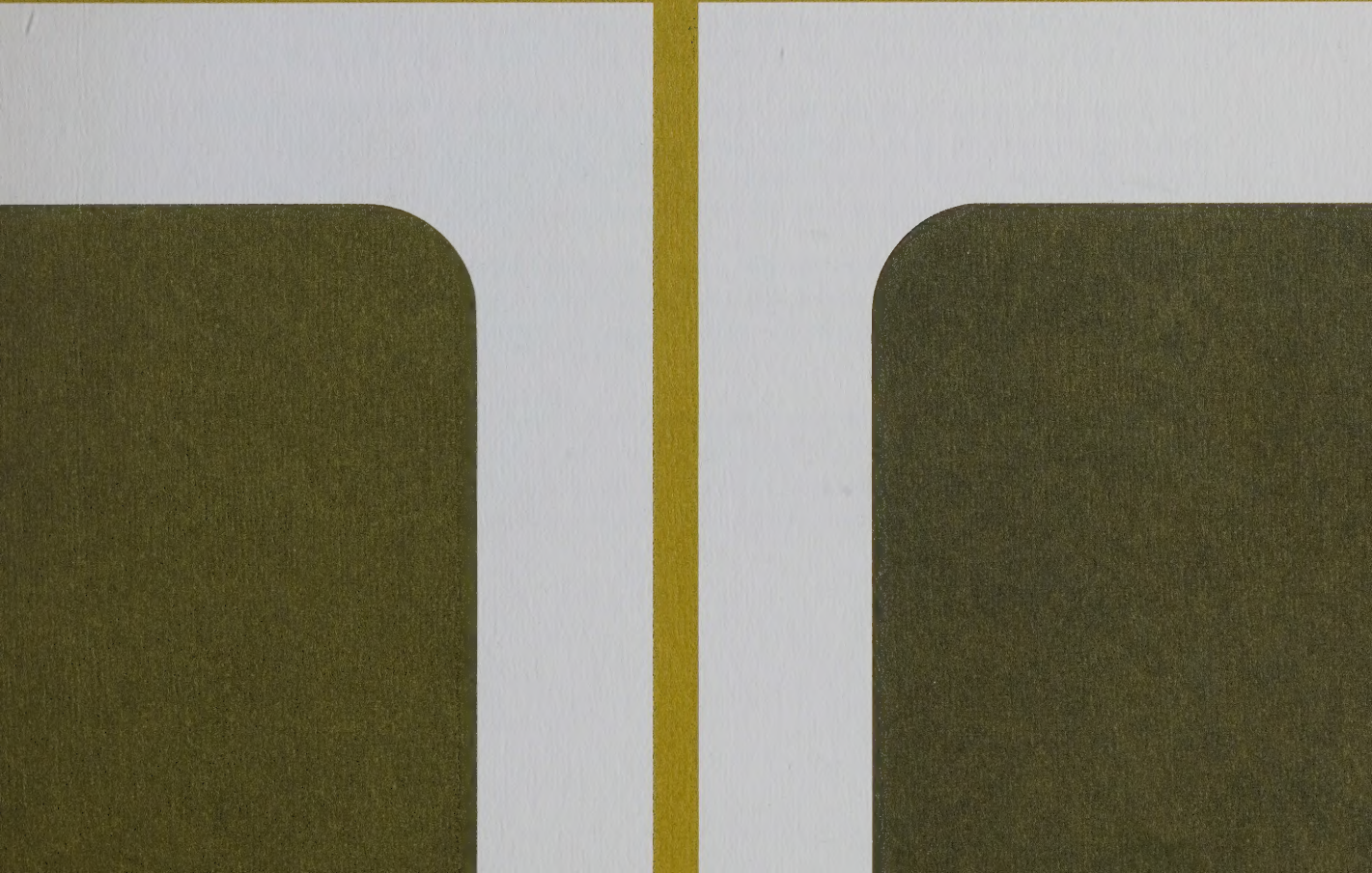


# Trans-Canada Resources LTD

## FINANCIAL REPORT

APRIL 30, 1970





In the November, 1969 Quarterly Report we predicted a 1970 cash flow of \$½ million and now, towards the middle of 1970, it is clear this milestone is close to becoming a fact. Development of our Pioche and Wayne-Rosedale Waterflood projects, scheduled to be producing in 1970, are progressing on target. International Drilling Fluids in its first operating year as a Division of Trans-Canada Resources, following its acquisition last September, 1969, is giving a excellent performance, having reached net profits before taxes of \$373,783 for the six-month period ended 30 April, 1970. This reflects the continued growth of an already outstanding growth curve since 1964 and achieved in 1970 in spite of cut-backs in oil and gas well drilling activity. Trans-Canada Resources' total income for the period was \$444,828, representing an overall cash flow for the six months of the 1970 fiscal year of \$312,851.

These developments in the Company, together with appreciation of strategically located land holdings and progressive exploration programs, have raised the fair market value of the Company's assets to an impressive level now exceeding \$10 million which, with just a moderate 2,312,502 shares outstanding, represents over \$4 a share. We are proposing to spend approximately \$450,000 on exploration and \$350,000 on development of our properties during 1970 contributing to increased cash flow in 1971 which we predict should reach at least \$900,000.

The Company's healthy position, due largely to our early success in establishing a substantial cash flow, is such that equity financing need not be considered during this period of unrealistic stock values. Any major issue of treasury shares at this time would be most inopportune and untimely and cause adverse dilution of our shareholders' interests.

Advantage is being taken of the change of pace of the economy to consolidate the Company's activities which could be advantageously arranged within the corporate structure. Much ground-work has already been covered in our investigations in conjunction with a renowned international banking institution.

This thorough review of the Company's organization is linked with long-range planning into the source of our future capital requirements to achieve the goals envisaged by Management. As a result of our studies, ideas and plans are emerging which indicate that equity financing using Trans-Canada Resources' treasury shares may not be necessary for a long time, if at all.

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## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF WORKING CAPITAL

FOR THE SIX MONTHS ENDED APRIL 30, 1970

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### Sources of working capital:

#### Operations—

Profit for period			\$355,975
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#### Add—

Items which do not involve an outlay  
of working capital:

Mineral Properties deferred costs written off	\$10,794		
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Depreciation and amortization	<u>41,487</u>	<u>52,281</u>	\$408,256
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### Applications of working capital:

Expenditures on oil, gas and mineral properties and related deferred costs		384,735	
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Claim development deposits		100,398	
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Additions to fixed assets		59,106	
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Other		<u>1,247</u>	<u>545,486</u>
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Decrease in working capital			137,230
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Working capital, at beginning of period			<u>868,668</u>
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Working capital at end of period			<u><u>\$731,438</u></u>
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## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF WORKING CAPITAL

FOR THE SIX MONTHS ENDED APRIL 30, 1970

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Operations—

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Claim development deposits

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59,106

Other

1,247

545,486

Decrease in working capital

137,230

Working capital, at beginning of period

868,668

Working capital at end of period

\$731,438

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# CONSOLIDATED STATEMENT OF INCOME AND DEFICIT

FOR THE SIX MONTHS ENDED APRIL 30, 1970

## Income:

Royalties	\$ 4,954	
Interest	2,038	
Profit on sale of investments	22,885	
Income of International Drilling Fluids Division—per statement attached	373,683	
Net profit on oil production	<u>41,268</u>	<u>\$444,828</u>

## Expenses:

Rights and interests in oil, gas and mineral properties and related deferred costs written off		10,794
Salaries and employee benefits (including remuneration paid officers and directors of \$32,900)	59,222	
Legal, consulting and other professional fees	46,712	
Interest expense	8,849	
Depreciation	12,000	
General office expense	<u>46,681</u>	
	173,464	

## Less—

Amount allocated to deferred exploration, development and administrative costs	<u>95,405</u>	<u>78,059</u>
		<u>88,853</u>

Profit for period 355,975

## Less—

Deficit beginning of period 167,661

Profit, at end of period \$188,314

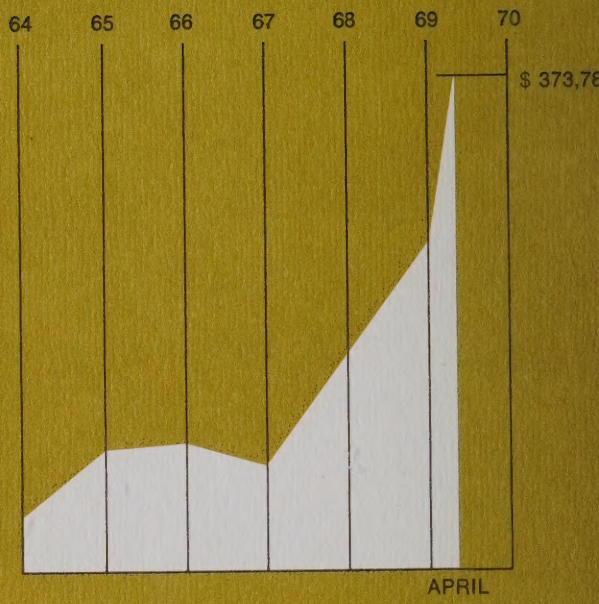
## NOTES:

1. Statements have not been audited.
2. Comparative figures not available as year end changed from December 31st to October 31st, 1969.
3. No allowance for Income Taxes due to carry forward of exploration expenses incurred in prior years.





TOTAL ASSET VALUE

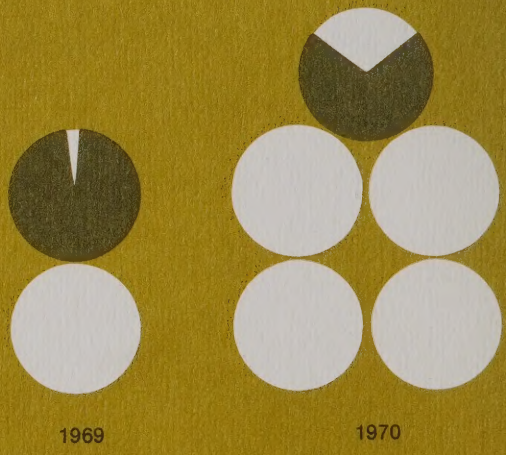


INTERNATIONAL DRILLING FLUIDS

NET PROFITS

\$1.06  
2,272,502 SHARES  
OUTSTANDING

\$4.33  
2,312,502 SHARES  
OUTSTANDING



ASSET VALUE PER SHARE







